

**THE STATE OF MONTANA PUBLIC EMPLOYEE
DEFERRED COMPENSATION PLAN**

**Restated Effective January 1, 2001
EGTRRA Changes Included**

THE STATE OF MONTANA PUBLIC EMPLOYEE DEFERRED COMPENSATION PLAN

Whereas, The State of Montana established the terms of the State of Montana Deferred Compensation Plan by a Plan Document executed February 1, 1990, and that Plan Document permitted amendment of the Plan Document;

Whereas, pursuant to Title 19, Chapter 50 of the Montana Code Annotated, and Section 457 of the Internal Revenue Code of 1986, as amended by the Small Business Job Protection Act of 1996 and the Taxpayer Relief Act of 1997, the Plan Document was subsequently restated to comply with the foregoing;

Whereas, there have been certain changes in the governing Montana statutes, as well as additional federal law changes;

Therefore, effective January 1, 2001, the State of Montana hereby amends and completely restates the State of Montana Public Employee Deferred Compensation Plan (hereinafter called the "Plan"). The Plan consists of the provisions set forth in this document, as amended and restated.

The Plan is effective with respect to each Employee on the date the Plan is effective or on the date the Employee becomes a Participant by executing the Participation Agreement, whichever is later. The Plan document is effective as signed and supersedes all previously issued State of Montana Deferred Compensation Plan documents.

ARTICLE I - DEFINITIONS

1.01 "Account" means the account maintained for a Participant by the Administrator.

1.02 "Administrator" means the Montana Public Employees' Retirement Board.

1.03 "Adoption Agreement" means the contract between an Employer that is a political subdivision and the Trustees to permit participation in the Plan.

1.04 "Applicable Form" means the appropriate form as designated and furnished by the Administrator to make an election or provide a notice as required by the Plan. If a written election or consent is not specifically required by the Code, the Administrator may prescribe a verbal, electronic or telephonic instruction in lieu of or in addition to a written form.

1.05 "Beneficiary" means the person or persons designated by a Participant pursuant to an Applicable Form to receive any benefit payable upon the Participant's death.

1.06 "Code" means the Internal Revenue Code of 1986, as amended.

1.07 "Compensation" means all taxable remuneration payable to an Employee for services rendered, including salary and wages.

1.08 "Deferred Amount or Deferral Amount" means an amount deferred by an Employee pursuant to Article II and deposited by the Administrator.

1.09 "Disability" or "Disabled" means a total inability of the Participant to perform the Participant's services by reason of physical or mental incapacity. The disability must be incurred while the Participant is an active Participant and must be one of permanent duration or extended duration, as determined by the Administrator on the basis of competent medical opinion.

1.10 "Employee" means any individual who performs services for an Employer for Compensation on a regular basis, specifically including any salaried employee or elected or appointed official. The term also includes an independent contractor who performs services for an Employer.

1.11 "Employer" means the State of Montana or any political subdivision of the State, as defined in 19-50-101, MCA, which enters into a contract to extend this plan to its employees pursuant to Article III.

1.12 "Includible Compensation" means the amount of an Employee's Compensation for services performed for the Employer which (after taking into account all of the provisions of the Code) is includible in gross income for federal income tax purposes for a taxable year. An Employee's Includible Compensation for a calendar year shall be determined in accordance with Section 457(e)(5) of the Code.

1.13 "Investment Option" means an investment fund which forms part of the Trust Fund as selected and monitored by the Trustees.

1.14 "MCA" means the Montana Code Annotated.

1.15 "Normal Retirement Age" means the age selected by a Participant that fixes the eligibility period for utilizing the catch-up limitation under Section 4.02. The Normal Retirement Age selected by a Participant may not be earlier than the earliest date that the Participant would become eligible to retire and receive unreduced benefits as a member of the pension plan of the Participant's Employer. A Participant's Normal Retirement Age established for catch-up does not have any bearing on the age at which the Participant actually retires. In the absence of an Employer pension plan and for independent contractors, Normal Retirement Age shall be 65.

1.16 "Participant" means an Employee who participates under this Plan by signing a Participation Agreement and by maintaining an Account balance. A Participant must be an individual.

1.17 "Participating Employer" means any political subdivision electing to adopt this Plan pursuant to Article III.

1.18 "Participation Agreement" means the Applicable Form completed by an Employee to participate in the Plan.

1.19 "Plan Sponsor" means the Montana Public Employees' Retirement Board.

1.20 "Plan Year" means the calendar year.

1.21 "Retirement System" means the Montana Public Employees' Retirement System.

1.22 "Separation from Service" means severance of a Participant's employment with the Employer for any reason, including retirement, within the meaning of Code Section 402(e)(4)(D)(i)(III). A Participant shall be deemed to have severed employment with the Employer for purposes of the Plan when, in accordance with the established personnel practices of the Employer, the employment relationship is considered actually terminated. However, separation from Service for an Independent Contractor occurs when (a) at least 12 months have expired since the date on which the last contract, pursuant to which the independent contractor provided any service to the Employer, was terminated, and (b) the independent contractor has not performed services for the Employer during that 12-month period.

1.23 "Service Manager" means the person or organization appointed by the Administrator to perform third party service and administrative functions.

1.24 "State" means the State of Montana.

1.25 "Trust" means the trust established by the Board pursuant to a written agreement that constitutes a valid trust under the law of Montana.

1.26 "Trust Fund" means the assets of the Trust in all Investment Options selected by the Trustees.

1.27 "Trustees" means the Montana Public Employees' Retirement Board created in 2-15-1009, MCA.

If a term is defined in 19-50-101, MCA, that definition applies to the term as used in this Plan. Words used herein in the singular or plural shall be construed as being in the plural or singular where appropriate. Words used herein in the masculine or feminine gender shall be construed to include the feminine or masculine gender where appropriate.

ARTICLE II - ELECTION TO DEFER COMPENSATION

2.01 Participation. A portion of an Employee's Compensation shall be deferred for any calendar month only if the Employee enters into a Participation Agreement prior to the beginning of such month.

2.02 Minimum Deferral. The Administrator may establish a minimum Deferral Amount and/or minimum deposit amount, and may change such minimums from time to time. The current minimum deferral is \$10.00 per calendar month.

2.03 Participation Rules. Upon signing a Participation Agreement, an Employee elects to participate in this Plan and agrees to have a portion of his/her Compensation for each pay period deferred by the amount specified in the Participation Agreement. The Participation Agreement and Deferral Amount will remain in effect until amended or revised. If the Participant goes on an approved leave of absence, but does not Separate from Service, the Participant remains in the Plan.

2.04 Changes to Participation Agreement. Participants may amend their deferral amount or their investment direction on an Applicable Form in accordance with procedures established by the Service Manager and approved by the Administrator. An amendment with respect to the Deferral Amount shall not become effective earlier than the pay period beginning in the next calendar month following filing of a complete Applicable Form. An amendment with respect to Investment Options shall become effective on the day following filing of a complete Applicable Form.

2.05 Effective Date of Deferrals. In all cases, a deferral request shall be considered effective as of the date the Employer withholds the Deferral Amount from the Participant's pay.

ARTICLE III - EMPLOYER PARTICIPATION

3.01 State and State Entities. This plan is available to Employees of the following Employers: the State of Montana, state universities, state community colleges, and political subdivisions.

3.02 Adoption by Political Subdivision. Any political subdivision, as defined in 19-50-101, MCA, may make the Plan available to its employees pursuant to 19-50-201, MCA, if it takes the following actions:

(a) The governing body of the political subdivision must pass a resolution to enter into an adoption agreement with the Trustees authorizing its employees to participate in the Plan. The resolution must contain a summary of the major provisions of the Plan.

(b) The resolution must indicate the date of adoption.

(c) The resolution must specify that the political subdivision shall abide by the terms of the Plan, including all investment and administrative agreements of the Plan, and all applicable provisions of the Code.

(d) The Adoption Agreement must specify that the political subdivision agrees that the Trustees are the Administrator of the Plan and agrees to the rules and conditions established by the Trustees for the proper administration of the Plan.

(e) Employer must complete an Adoption Agreement with the Trustees.

The Board shall determine whether the resolution and Employer actions comply with this section and, if they do, shall provide appropriate forms for the Employer and Employees to implement the participation.

The political subdivision must agree that employees may make contributions to only this Plan, not to additional 457 plans sponsored by that subdivision. However, the preceding sentence is not meant to preclude the political subdivision's employees from having existing account balances retained in prior 457 plans.

Upon entry into participation in this Plan, a political subdivision with an existing 457 Plan must choose one of the following:

(a) leave existing account balances in the prior 457 plan with all new contributions being made to this Plan;

(b) do a direct transfer from the prior plan to this Plan pursuant to Section 11.02; or

(c) allow employees to elect to retain existing account balances in the prior 457 plan (or plans) or to do direct transfers to this Plan. In this case, all new contributions would be made to this Plan, regardless of whether employees chose to maintain their prior account balances in the prior 457 plan or transfer such balances to this Plan.

3.03 Plan Termination by Political Subdivision. A Participating Employer may terminate its participation in the Plan if it takes the following actions:

(a) The governing body of the political subdivision must adopt a resolution terminating its Employees' rights to participate in the Plan.

(b) The resolution must specify when the right to participate in the Plan shall end.

(c) The Adoption Agreement may be revoked or amended in the manner prescribed in the existing Adoption Agreement between the Participating Employer and the Administrator.

The Trustees shall determine whether the resolution complies with this section and all applicable federal and state laws, shall determine an appropriate effective date and shall provide appropriate forms to the Participating Employer and the Participants to terminate ongoing participation. The assets attributable to the terminating employer shall be handled in accordance with Section 15.01.

ARTICLE IV - LIMITATIONS ON DEFERRALS

4.01 Limitations of Deferrals. For calendar years prior to 2002, except as provided in Section 4.02, the maximum Deferral Amount in a calendar year by a Participant shall not exceed the lesser of (a) \$7,500, adjusted for the calendar year to reflect increases in cost of living in accordance with Sections 457(e)(15) and 415(d) of the Code, or (b) 33 1/3% of the Participant's Includible Compensation. Effective January 1, 2002, the maximum Deferral Amount in a calendar year by a Participant shall not exceed the lesser of (a) the appropriate dollar amount under Code Section 457(e)(15) or (b) 100% of the Participant's Includible Compensation.

4.02 Catch-Up Limits. For one or more of a Participant's last three taxable calendar years ending before the year the Participant attains Normal Retirement Age under the Plan, the maximum Deferral Amount shall be the lesser of (a) \$15,000 (effective 2002, twice the dollar amount in effect under Code Section 457(b)(2)(A)), or (b) the sum of the plan ceiling established under Section 4.01 for the taxable year plus so much of the plan ceiling established under Section 4.01 for each prior taxable year that has not heretofore been utilized. Taxable years include taxable years beginning after December 31, 1978, in which the Participant was eligible to participate in this Plan or any other eligible deferred compensation plan. A Participant may elect to apply Section 4.02 only once, whether or not the catch-up is utilized in less than all three such taxable years, and whether or not the Participant or former Participant rejoins the Plan or participates in another eligible Section 457 plan after retirement.

Effective 2002, a Participant who has attained the age of fifty (50) before the close of the Plan Year, and who is not using the catch-up limit in the preceding paragraph, may make additional deferrals up to the applicable dollar amount, but in no event to exceed the Participant's Includible Compensation reduced by all other elective deferrals by the Participant to this Plan or any other plan. The applicable dollar amount is as follows:

For taxable years beginning in:	The applicable dollar amount is:
2002	\$1,000
2003	\$2,000
2004	\$3,000
2005	\$4,000
2006 or thereafter	\$5,000

4.03 Coordination of Limits. For calendar years prior to 2002, any amount contributed in a taxable year by the Participant to a tax-sheltered annuity pursuant to Code Section 403(b), to a 401(k) plan (a cash or deferred arrangement) pursuant to Code Section 402(e)(3), to another deferred compensation plan pursuant to Code Section 457(b) or to a simplified employee pension plan pursuant to Code Section 402(h)(1)(B), shall reduce the maximum Deferral Amount under Sections 4.01 and 4.02, as if such contribution had constituted Deferral Amounts under this Plan for the taxable year or years in which the contributions were made. For 2002 and thereafter, any amounts contributed in a taxable year by the Participant to another deferred compensation plan pursuant to Code Section 457(b) shall reduce the maximum Deferral Amount under Sections 4.01 and 4.02 as if such contributions had constituted Deferral Amounts under this Plan for the taxable year or years in which the contributions were made. For 2002 and thereafter, any amounts contributed by the Participant to a tax-sheltered annuity pursuant to Code Section 403(b) or to a 401(k) plan pursuant to Code Section 402(e)(3) shall not reduce the maximum Deferral Amount under Sections 4.01 and 4.02. The Participant is responsible for ensuring coordination of these limits.

4.04 Employer Contribution Limits. If the Employer agrees to make contributions to the Plan on behalf of a Participant to this Plan, the Employer contributions shall be deemed made by the Participant as additional Deferral Amounts. For purposes of administering Sections 4.01 and 4.02 of this Plan, Employer contributions shall be processed as payroll deferrals, shall apply toward the maximum deferral limits in the taxable year that they are made and must comply with any procedure established by the Administrator.

4.05 Excess Deferrals. In the event a Participant or a Participating Employer believes there is a contribution in excess of the limits described in this Article, they should immediately notify the Administrator of such excess. The Administrator shall take such actions as it deems necessary and appropriate in accordance with IRS guidance to return such excess deferrals.

ARTICLE V - ACCOUNTS AND REPORTS

5.01 Account. The Administrator or a duly appointed Service Manager shall maintain an Account with respect to each Participant, and that Account shall be credited with the Participant's Deferred Amount for each pay period. The balance of such account shall be adjusted daily to reflect any distribution to the Participant and all interest, dividends, account charges and changes of market value resulting from the investment of the Participant's Deferred Amounts. All Plan records, including individual account information, that are maintained by the Service Manager shall be the exclusive property of the Trustees.

5.02 Statements of Account to Participants. A written report of the status of each Participant's Account shall be furnished by the Service Manager to the Participants within thirty (30) days after the end of each Plan quarter. All reports to Participants shall be based on the fair market value of investments credited to their Accounts as of the reporting dates. Participant reports shall be deemed to

have been accepted by the Participant as correct unless written notice to the contrary is received by the Service Manager within thirty (30) days after the mailing or distribution of a report to the Participant.

5.03 Statements of Account to the Administrator. A written report of the Plan assets shall be furnished by the Service Manager to the Administrator within thirty (30) days after the end of each Plan quarter. The Administrator may request additional reports from the Service Manager, in the Administrator's sole discretion.

5.04 Year End Reports. A written report shall be prepared as of December 31st of each year and submitted to the Administrator by the Service Manager within thirty (30) days (and maintained on file by the Administrator) showing the assets held under the Plan, a schedule of all receipts and disbursements and all material transactions of the Plan during the preceding year. This report shall be in a form and shall contain other information as the Administrator deems appropriate. The Service Manager shall also provide such information to the Administrator as the Administrator deems necessary or appropriate for preparation of its annual report.

5.05 Account Reviews. In accordance with Montana law, the Administrator's records shall be open to inspection during normal business hours by any Participant or a designated representative of the Employer or a Participant. However, no Participant may review any record specifically relating to any other Participant.

ARTICLE VI - VALUATION OF ACCOUNT

6.01 Valuation. The managers of each Investment Option shall value the investments in their Fund each business day based on acceptable industry practices. All daily transactions shall be based on that day's closing market values. The Service Manager shall apply such values to appropriate Participant Accounts.

6.02 Deposits. In all cases, deposits of deferrals shall be treated as actually made only as of the date the funds are accepted as in good order by the Service Manager.

ARTICLE VII - TRUST

7.01 Trust Status. All assets held in connection with the Plan, including all amounts of compensation deferred pursuant to the Plan, all property and rights acquired or purchased with such amounts and all income attributable to such amounts, property or rights shall be held in trust for the exclusive benefit of Participants and their Beneficiaries under the Plan. No part of the assets and income of the Plan shall be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries and for defraying reasonable expenses of the Plan.

7.02 TrustFund. Effective July 1, 1998, to the extent required by Section 457(g) of the Code, all amounts of compensation deferred pursuant to the Plan, all property and rights acquired or purchased with such amounts and all income attributable to such amounts, property or rights held as part of the Plan as of July 1, 1998, shall be held, managed, invested and distributed as part of the Trust Fund in accordance with the provisions of the Plan. All contributions to the Plan must be transferred by the Employers to the Trust Fund pursuant to Section 8.02. All benefits under the Plan shall be distributed solely from the Trust Fund pursuant to Article IX.

7.03 Trustee. The Board is the trustee for the assets of the Trust Fund.

ARTICLE VIII - INVESTMENT OF DEFERRED AMOUNTS

8.01 Investment Options. The Trustees shall evaluate annually the available Investment Options for Participants (or Beneficiaries upon the death of the Participant). Following such evaluation, the Trustees shall determine available Investment Options in their sole discretion. The Participants may direct the investment of their accounts among the Investment Options selected by the Trustees. The Administrator shall follow the Participants' (or Beneficiaries') directions with respect to the investment of each Participant's (or Beneficiary's) Account.

8.02 Remittance of Deferrals. All amounts of compensation deferred under the Plan shall be transferred by the Employers to the Trust following the effective date of the deferral under Section 2.05. In no event shall amounts of compensation deferred under the Plan be transferred by the Employer to the Plan later than five (5) business days after the effective date of the deferral under Section 2.05.

8.03 Investment of Deferrals. All Deferred Amounts shall be transferred to the Participant selected Investment Options within three (3) business days after receipt of the deferral in good order from the Employer.

8.04 Investment Default. If a Participant does not have a valid investment direction on file, any amount in that Participant's account and any Deferral Amount shall be invested in the stable value fund selected from time to time by the Board. In such event, the Participant shall be deemed to have directed that option for their Account.

ARTICLE IX - BENEFITS

9.01 Benefit Payments. Benefits shall be paid from the Trust Fund in accordance with this Article following a Participant's Separation from Service, Death, Disability or the occurrence of an unforeseeable emergency, as described in Section 9.10. Benefits payable to a Participant or a Beneficiary shall be based upon the value of the Participant's Account.

(a) Separation from Service. Upon Separation from Service, a Participant may elect to have benefits commence on a date which is no later than the required distribution date of Code Section 401(a)(9), as specified in Section 9.05. Such election shall be made within 90 days after Separation from Service. If no election is made, benefits shall commence 120 days after Separation from Service. A Participant may elect to change the commencement date of distribution of the Account to a later date otherwise permitted under this Article. If a Participant has elected, in accordance with the Plan, to delay the commencement of distributions to a later date, then the Participant may make one additional election to further delay the commencement of distribution, provided that the election is filed before distribution actually begins and the later commencement date meets the required distribution commencement date provisions of Code Sections 401(a)(9) and 457(d)(2). All benefits shall be paid under a payment option under Section 9.02.

Effective January 1, 2002, upon Separation from Service, a Participant may elect to have benefits commence on a date which is no later than the required distribution date of Code Section 401(a)(9), as specified in Section 9.05. All benefits shall be paid under a payment option under Section 9.02. The remainder of the provisions of the preceding paragraph shall not apply to any distributions to commence on or after January 1, 2002.

(b) Death. In the event of the Participant's death prior to the commencement of benefits under paragraph (a), the value of the Participant's Account shall be paid to the Beneficiary under a payment option elected by the Beneficiary under Section 9.02, subject to the restrictions in Section 9.06. Such benefits shall be payable commencing within 60 days after receipt by the Administrator of satisfactory proof of the Participant's death. However, if the Beneficiary is the spouse of the Participant, then the spouse may elect within 60 days of Participant's death, to defer distribution to a date not later than the date when the Participant would have attained age 70 ½.

(c) Disability. Upon Separation from Service with the Employer because of becoming Disabled, a Participant may elect to have benefits commence on a date which is no later than the required beginning date under Code Section 401(a)(9), as specified in Section 9.05. Such election shall be made within 45 days after Separation from Service due to Disability. If no election is made, benefits will commence 75 days after Separation from Service due to Disability. A Participant may change the commencement date of distribution of the Account to a later date otherwise permitted under this Article. If a Participant has elected, in accordance with the Plan, to delay the commencement of distributions to a later date, then the Participant may make one additional election to further delay the commencement of distribution, provided that the election is filed before distribution actually begins and the later commencement date meets the required distribution commencement date provisions of Code Sections 401(a)(9) and 457(d)(2). All benefits shall be paid under a payment option under Section 9.02.

9.02 Payment Options. The election of a payment option by a Participant or a Beneficiary under Section 9.01 must be made no later than 30 days before the commencement of such benefits. Subject to restrictions established by the Administrator, the Plan shall permit payout options in the form of

lump sums, periodic payments of a fixed amount or fixed duration or life contingent annuities. Absent such an election, the Account will be paid in a periodic payment. However, no payout option will be available with a payment of less than \$50 per month.

9.03 [Reserved].

9.04 Lump Sum Settlement. Notwithstanding anything in this Plan to the contrary, if a Participant's Account balance is less than \$5,000 (or such lesser amount as determined by the Administrator from time to time) at the time of Separation of Service, the Administrator shall effect a lump sum distribution of the Participant's Account.

9.05 Minimum Distribution Rules. Notwithstanding any provision of this Plan to the contrary, any distribution under the Plan shall be made by the Administrator in accordance with Code Sections 401(a)(9) and 457(d) and the regulations established thereunder as they are amended. No payment option may be selected by a Participant unless the amounts payable to the Participant are expected to be at least equal to the minimum distribution required under Section 401(a)(9) of the Code. The amounts payable also must satisfy the minimum distribution incidental benefit requirements of Section 401(a)(9)(G) of the Code if applicable.

Payment of the Accounts of a Participant shall begin no later than the "required beginning date." For purposes of this Section, "required beginning date" means April 1 of the calendar year following the later of (i) the calendar year in which the Participant reaches age seventy and one-half (70-1/2), or (ii) the calendar year in which the Participant retires. For purposes of this Section, "first distribution year" means the calendar year described in (i) or (ii) in the preceding sentence. Except as otherwise required by Code Section 457(d)(2), the amount to be distributed each year, beginning with distributions attributable to the first distribution year, shall not be less than the quotient obtained by dividing the Participant's benefit by the lesser of (i) the applicable life expectancy, or (ii) if the Participant's spouse is not the designated beneficiary, the applicable divisor specified in Code Section 401(a)(9) or the regulations promulgated thereunder. Distributions after the death of the Participant to the spouse shall be distributed using the applicable life expectancy as the applicable divisor.

The Participant is responsible for coordinating between any other 457 Plans they have and this Plan to meet the minimum distribution rules.

9.06 Designated Beneficiary. A Participant shall have the right to file with the Administrator an Applicable Form designating the Beneficiary or Beneficiaries who shall receive the benefits payable under the Plan in the event of the Participant's death. No Beneficiary designation shall take effect until an Applicable Form is signed by the Participant and received and accepted by the Administrator. If the Participant dies without a Beneficiary form on file with the Administrator, the benefit payments shall be made to the Participant's estate.

A Participant shall have the right to designate at least one primary and contingent Beneficiary and to indicate whether the Beneficiaries in each class are to share equally or according to specified percentages. A contingent Beneficiary shall receive benefit payments only if there is no surviving primary Beneficiary. If a Beneficiary predeceases the Participant, the surviving Beneficiaries in the same class (i.e., primary or contingent) will share equally the deceased Beneficiary's share. In the event of the death of a Beneficiary, after the Beneficiary has become entitled to receive benefits, the remaining benefits to which that beneficiary was entitled shall be paid to the estate of the Beneficiary.

9.07 Payments to Beneficiary. In the event of the Participant's death, any remaining benefit shall be distributed according to the following:

(1) If the Participant had begun receiving periodic payments of a fixed amount or fixed duration from the Plan, the balance of the Account shall be paid to the Beneficiary at least as rapidly as under the payment option selected by the Participant.

(2) If the Participant had begun receiving payments under an annuity contract, the Beneficiary shall be bound by all restrictions of that contract and the form of payment selected thereunder, and remaining payments, if any, shall be paid to the Beneficiary under the contract.

(3) If the Participant dies before distributions have commenced, a spouse Beneficiary may delay the commencement of benefits until as late as the date the Participant would have attained age 70 ½ and may elect to receive payments at such time over the Beneficiary's life expectancy.

(4) If the Participant dies before distributions have commenced, a non-spouse Beneficiary may take a lump sum or a periodic payment. In the case of a lump sum, payment must be made no later than one year after the date of the Participant's death. Prior to 2002, periodic distributions after the death of the Participant to someone other than the Participant's spouse shall be distributed within fifteen (15) years of the Participant's death. From 2002 and thereafter, distributions after the death of the Participant to someone other than the Participant's spouse shall be distributed over a period shorter than or equal to the Beneficiary's life expectancy at the time the distribution commences. In the case of any periodic distribution, payment must commence no later than one year after the date of the Participant's death.

(5) Notwithstanding the foregoing, any payment to an estate shall be made in a lump sum.

9.08 Voluntary In-Service Distribution. A Participant who is an active employee of an Employer may elect to receive a distribution of the Participant's entire Account under the Plan before a Separation of Service if the following requirements are met:

(1) the Participant's entire Account balance does not exceed \$5,000 on the date of the distribution,

(2) the Participant has not previously received an in-service distribution of the Participant's Account under Section 457(e)(9)(A), and

(3) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the in-service distribution.

This election must be made in accordance with the procedures established by the Administrator.

9.09 Involuntary In-Service Distribution. The Plan shall distribute the entire Account to a Participant who is an active employee of an Employer if the following requirements are met:

(1) the Participant's entire Account balance does not exceed the amount specified in Code Section 411(a)(11)(A), or such lesser amount as established by the Board, on the date of the distribution,

(2) the Participant has not previously received an in-service distribution of the Participant's Account under Section 457(e)(9)(A), and

(3) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the in-service distribution.

9.10 Unforeseeable Emergency Distributions. Notwithstanding any other provision herein and subject to guidelines and requirements set forth in procedures established by the Trustees, Participants may request that benefits be paid in the event of an unforeseeable emergency.

(a) A three member Emergency Withdrawal Committee shall be appointed by the Board. This committee shall establish procedures to review and approve or deny all requests for an unforeseeable emergency distribution. If the application for payment is approved by the Emergency Withdrawal Committee, payment shall be effected as soon as practicable thereafter.

(b) Benefits shall be paid under this paragraph only in the event of an unforeseeable emergency creating severe hardship as a result of sudden and unexpected illness or accident of the Participant or of a dependent of the Participant (as defined in Section 152(a) of the Code), disability or loss of the Participant's property due to casualty or other similar extraordinary and unforeseeable events beyond the control of the Participant. Such benefits shall be strictly limited to the amount necessary to meet the emergency situation constituting financial hardship. In any case, payment shall not be made to the extent that such hardship is or may be relieved through insurance, liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship) or by cessation of

deferrals under the Plan. Foreseeable personal expenditures, such as a down payment for a home, the purchase of an automobile or educational expenses shall not constitute a financial hardship.

(c) The decision of the Emergency Withdrawal Committee concerning financial hardship may be appealed to the Board. The Board's determination is final.

(d) The Trustees may establish restrictions following a distribution pursuant to this Section.

9.11 Family Law Orders. Family law orders and child support orders under 19-2-907, MCA and 19-2-909, MCA, shall be honored by the Plan.

9.12 Plan Loans. Plan loans to Participants shall not be permitted.

ARTICLE X - EMPLOYER OBLIGATIONS

Each Employer is required to remit correct deferrals on a timely basis pursuant to Section 8.02. Beyond that, an Employer has no obligation to each Participant. An Employer shall not be liable for losses arising from expense charges of any kind or from depreciation or shrinkage in the value of investments made under this Plan.

ARTICLE XI - PLAN TO PLAN TRANSFERS

11.01 Direct Transfers from this Plan. Pursuant to Code Section 457 and regulations issued for such section, upon entitlement to a distribution under Article IX, a Participant's Account value may be transferred in cash to another eligible Section 457 plan in which the Participant is now participating, if the other plan provides for the acceptance of such amounts. Another eligible Section 457 plan includes a 457 plan with assets held in trust and sponsored by a state, a political subdivision of a state, or any agency instrumentality of a state or a political subdivision of a state. Any such transfer is subject to the requirements of the Administrator.

11.02 Direct Transfers from this Plan for Service Purchases. Effective January 1, 2002, pursuant to Code Section 457 and regulations issued for such section, all or part of a Participant's Account value may be transferred in a direct trustee to trustee transfer to a defined benefit governmental plan, as defined in Code Section 414(d), if such transfer is for the purchase of permissive service credit (as defined in Code Section 415(n)(3)(A)) or is a repayment to which Code Section 415 does not apply by reason of Code Section 415(k)(3).

11.03 Direct Transfers to this Plan. Subject to the approval of the Administrator, this Plan shall accept cash transfers of Participants' accounts maintained under an eligible Section 457 plan directly to this Plan.

ARTICLE XII - ROLLOVER TO THIS PLAN

Effective January 1, 2002, at any time, a Participant may contribute to the Plan in cash as a Rollover Contribution a qualified rollover amount from a qualified plan under Code Section 401(a), an individual retirement account or annuity, a deferred compensation plan under Code Section 457, or a tax-sheltered annuity under Code Section 403(b), provided that the Administrator, in its discretion, determines that the contribution satisfies all applicable requirements of the Code. Before a Rollover Contribution is made, the Participant shall designate the Investment Options in which he wishes his Rollover Contribution to be invested. A Rollover Contribution shall be allocated to the Rollover Account of the Participant as of the date of the contribution. The Participant's Rollover Account shall be distributed at the same time and in the same manner as the Participant elects for his regular account, however, the Rollover Account shall be subject to any applicable penalties under the Code.

ARTICLE XIII - ROLLOVER FROM THIS PLAN

13.01 Plan Distributions and Withholding Requirements. Effective January 1, 2002, notwithstanding any provisions of the Plan to the contrary that would otherwise limit a Distributee's election under this Section, a Distributee may elect, at the time and in the manner prescribed by the Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

13.02 Definitions.

(a) An "Eligible Rollover Distribution" is any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include (i) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated beneficiary, or for a specified period of ten (10) years or more; (ii) any distribution to the extent such distribution is required under Code Section 401(a)(9); or (iii) the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).

(b) An "Eligible Retirement Plan" is an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a), a tax-sheltered annuity or account described in Code Section 403(b), a qualified trust described in Code Section 401(a), or another deferred compensation plan described in Code Section 457(b), that accepts the Distributee's Eligible Rollover Distribution.

(c) A "Distributee" includes an employee, former employee, or an employee's or former employee's surviving spouse.

(d) A "Direct Rollover" is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

ARTICLE XIV - ADMINISTRATION OF PLAN

14.01 Compliance with Code Section 457. At all times, the Plan shall be administered in accordance with and construed to be consistent with Section 457 of the Code and its accompanying regulations.

14.02 Administrator Duties and Powers. The Administrator shall have the authority to control and manage the operation and administration of the Plan and shall be a named fiduciary of the Plan.

(a) The Administrator shall have such power and authority (including discretion with respect to the exercise of that power and authority) as may be necessary, advisable, desirable or convenient to enable the Administrator to carry out its duties under the Plan. By way of illustration and not limitation, the Administrator is empowered and authorized:

(2) to establish rules, regulations, and procedures in accordance with 19-50-102, MCA, and procedures with respect to administration of the Plan, not inconsistent with the Plan and the Code, and to amend or rescind such rules, regulations, and procedures;

(3) to determine, consistently with the Plan, applicable law, rules or regulations, all questions of law or fact that may arise as to the eligibility for participation in the Plan and eligibility for distribution of benefits from the Plan, and the status of any person claiming benefits under the Plan, including without limitation, Participants, former Participants, Beneficiaries, Employees and former Employees;

(4) pursuant to Article IX of the Plan, to authorize payments from the Trust Fund to Participants, their Beneficiaries and other persons as the Administrator may determine;

(5) to contract with one or more Service Managers to perform education, enrollment, and administrative services under this Plan;

(6) to accept service of legal process;

(7) subject to and consistent with the Code, to construe and interpret the Plan as to administrative issues and to correct any defect, supply any omission or reconcile any inconsistency in the Plan with respect to same.

(b) Any action by the Administrator, which is not found to be an abuse of discretion, shall be final, conclusive and binding on all individuals affected thereby. The Administrator may take any such

action in such manner and to such extent as the Administrator in its sole discretion may deem expedient and the Administrator shall be the sole and final judge of such expediency.

14.03 Advice. The Administrator may employ or contract with one (1) or more persons to render advice with regard to its responsibilities under the Plan.

14.04 Delegation by Administrator. The Administrator may from time to time delegate to an individual, committee or organization certain of its fiduciary responsibilities under the Plan. Any such individual, committee or organization shall remain a fiduciary until such delegation is revoked by the Administrator, which revocation may be without cause and without advance notice. Such individual, committee or organization shall have such power and authority with respect to such delegated fiduciary responsibilities as the Administrator has under the Plan.

14.05 Fiduciary Insurance. The Board may require the purchase of fiduciary liability insurance for any of its fiduciaries to cover liability or losses occurring by reason of the act or omission of a fiduciary.

14.06 Payment of Benefits. The Administrator, if in doubt concerning the correctness of its action in making a payment of a benefit, may suspend payment until satisfied as to the correctness of the payment or the person to receive the payment, or may file, in any state court of competent jurisdiction, a suit, in such form as it considers appropriate, for legal determination of the benefits to be paid and the persons to receive them. The Administrator may also bring a suit or take such other action as it deems appropriate in the case of questions involving investment directions. The Administrator shall comply with the final order of the court in any such suit, and Participants, Beneficiaries, Administrator, and Service Manager shall be bound thereby insofar as such order affects the benefits payable under this Plan or the method or manner of payment.

14.07 Payment of Expenses. All expenses and costs associated with the administration and investments of the plan shall be assessed against Plan assets. Administrative costs shall be explicitly assessed against individual Participant Accounts. Investment costs shall be assessed explicitly against each specific Investment Option in a manner determined appropriate by the management of each Investment Option and approved by appropriate federal regulating entities and the Trustees if appropriate.

14.08 [Reserved].

ARTICLE XV - CLAIMS PROCEDURE

Claims under the Plan shall be processed under the terms of the Montana Administrative Procedures Act, 2-4-701 et. seq. MCA.

ARTICLE XVI - AMENDMENT OF THE PLAN

Subject to the provisions of any applicable law, the Board may at any time amend or modify this Plan without the consent of the Participating Employers or of Participants (or any Beneficiaries thereof), provided that:

(a) All amendments shall become effective on the first day of the month following the giving of not less than forty five (45) days prior notice of the amendment to Participants. However, this forty-five (45) day notice requirement shall be applicable only if the amendment limits or otherwise restricts the deferral and distribution rights of the Participants. Notice shall be deemed given when the amendment is posted in the office of the Board and is sent to each Employer. No amendments shall deprive any Participant of any of the benefits to which the Participant is entitled under this Plan with respect to amounts credited prior to the effective date of the amendment.

(b) If the Plan is amended or modified, the Administrator shall nonetheless be responsible for the supervision and the payment of benefits resulting from amounts deferred prior to the amendment or modifications in accordance with this Article XVI.

ARTICLE XVII - TERMINATION

17.01 Termination of Participating Employer. In the case of the complete or partial termination of the Plan, as to one (1) or more Employers, including a termination arising from the complete discontinuance of contributions, the affected portion of the Trust Fund shall continue to be held pursuant to the direction of the Board. On termination, the Participating Employer shall determine: (a) whether the assets shall continue to be held in this Plan for the benefit of affected Participants pursuant to Article IX; (b) whether there will be a direct transfer of all balances to another 457 plan pursuant to Section 11.01, or (c) whether each Participant shall have the individual right to elect to retain their existing account balance in this Plan or do a direct transfer to the new 457 plan.

The Plan shall remain in full effect with respect to each Employer that does not terminate its participation in the Plan on behalf of its Employees.

17.02 Termination of Plan. The Board shall have the right to completely terminate this Plan, subject to any statutory requirements. In such a case, the Board shall arrange for suitable distribution of Plan assets, including the possibility of transfer to another 457 plan or plans.

ARTICLE XVIII - NONASSIGNABILITY

18.01 Nonassignment. No Participant, Beneficiary or designee may commute, sell, assign, transfer or otherwise convey the right to receive any payment under the Plan.

18.02 Rights. The rights of Participants and Beneficiaries under this Plan shall not be subject to the rights of their creditors, and shall be exempt from execution, attachment, prior assignment or any other judicial relief or order for the benefit of creditors or other third person, except to the extent a benefit distributable under Article IX is subject to a federal tax levy.

ARTICLE XIX - MISCELLANEOUS

19.01 Federal Taxes. It is intended that amounts deferred under this Plan constitute excludable gross income for federal and state income tax purposes until they are paid or otherwise made available to Participants or their Beneficiaries. The Administrator, the Employers and the Service Manager do not guarantee that any particular Federal or State income, payroll or other tax consequence will occur because of participation in this Plan.

19.02 Contract. This Plan, including any properly adopted amendment hereof, and the Participation Agreement, including any properly executed amendment thereof, shall constitute the total agreement or contract between the Employer and any Participant regarding the Plan. No oral statement regarding the Plan may be relied upon by any Participant.

19.03 Conflicts. In resolving any conflict between provisions of the Plan and in resolving any other uncertainty as to the meaning or intention of any provision of the Plan, the interpretation that (i) causes the Plan to constitute an eligible plan under the provisions of Code Section 457 and the Trust to be exempt from tax under Code Section 457, (ii) causes the Plan to comply with all applicable requirements of the Code and (iii) causes the Plan to comply with all applicable Montana statutes and rules, shall prevail over any different interpretation.

19.04 Limitation on Rights. Neither the establishment or maintenance of the Plan, nor any amendment thereof nor any act or omission under the Plan (or resulting from the operation of the Plan) shall be construed:

(a) as conferring upon any Participant, Beneficiary or any other person a right or claim against the Trust, Administrator, Employer or Service Manager, except to the extent that such right or claim shall be specifically expressed and provided in the Plan;

(b) as creating any responsibility or liability of the Employer for the validity or effect of the Plan;

(c) as a contract, including an employment agreement, between the Employer and any Participant or other person;

(d) as being consideration for, or an inducement or condition of, employment of any Participant or other person, or as affecting or restricting in any manner or to any extent whatsoever the rights or obligations of the Employer or any Participant or other person to continue or terminate the employment relationship at any time; or

(e) as giving any Participant the right to be retained in the service of the Employer or to interfere with the right of the Employer to discharge any Participant or other person at any time.

19.05 USERRA Compliance. Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service shall be provided in accordance with Code Section 414(u), and as required by the Uniformed Services Employment and Reemployment Rights Act ("USERRA").

19.06 Erroneous Payments. If the Administrator makes any payment that according to the terms of the Plan and the benefits provided hereunder should not have been made, the Administrator may recover that incorrect payment, by whatever means necessary, whether or not it was made due to the error of the Administrator, from the person to whom it was made or from any other appropriate party. For example, if any such incorrect payment is made directly to a Participant, the Administrator may deduct it when making any future payments directly to that Participant.

19.07 Release. Any payment to any Participant shall, to the extent thereof, be in full satisfaction of the claim of such Participant being paid thereby and the Administrator may condition payment thereof on the delivery by the Participant of the duly executed receipt and release in such form as may be determined by the Administrator.

19.08 Liability. The Administrator shall not incur any liability in acting upon any notice, request, signed letter, telegram or other paper or document or electronic transmission believed by the Administrator to be genuine or to be executed or sent by an authorized person.

19.09 Governing Laws. The law of the State of Montana shall apply in determining the construction and validity of this Plan, with venue in the First District.

19.10 Necessary Parties to Disputes. Necessary parties to any accounting, litigation or other proceedings relating to the Plan shall include only the Board. The settlement or judgment in any such case in which the Board is duly served shall be binding upon all affected Participants in the Plan, their beneficiaries, estates and upon all persons claiming by, through or under them.

19.11 Severability. If any provision of the Plan shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of the Plan shall continue to be fully effective.

19.12 Supersession. The terms of the Plan shall supersede any previous agreement between the parties pertaining to the Plan.

19.13 Counterparts. This Plan may be executed in one (1) or more counterparts, each of which shall constitute an original.

IN WITNESS WHEREOF, the undersigned has executed this amended and restated Plan on the date indicated:

BOARD

Date

President of the Board

644542.8

"SERVICE MANAGER"

Date

644542.8

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